

WEST

Generate Collection

L2: Entry 10 of 29

File: USPT

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TITLE: Method and apparatus for processing customized group reward offers

BSPR:

Tens of millions of credit card holders have an account which is sponsored by an affinity group partner. Methods and systems for promoting usage of credit card accounts based on affinity relationships are well known. Such methods and systems are generally designed to reward the affinity group sponsor based on account usage of credit card holders belonging to the sponsor's affinity group.

BSPR:

Many credit card issuers offer credit card accounts sponsored by an affinity partner. These credit card issuers believe a credit card holder who is a member of an affinity group is more likely to use his account if it benefits the affinity group sponsor. Credit card issuers further expect higher response rates and reduced attrition rates for credit card accounts sponsored by an affinity partner. Examples of affinity group sponsors include trade groups, alumni associations, religious organizations, sports teams and professional associations.

BSPR:

An affinity group sponsor typically receives three types of benefits from a credit card issuer. The first benefit credit card issuers generally offer to an affinity group sponsor is a finder's fee for acquiring each new affinity group related account. The second common benefit an affinity group sponsor may receive is a percentage rebate on all affinity card holder account transactions. Affinity group sponsors may also receive a portion of all finance charges applied to affinity card holder accounts.

BSPR:

One example of an affinity credit card is the People's Bank Visa Card that is sponsored by the National Rifle Association ("NRA"). The NRA receives 0.5% rebate for all transactions conducted through card holder accounts which are affiliated with the NRA. Drexel Alumni Affinity Card and Binghamton University Alumni Association MasterCard are two other examples of credit cards affiliated with an affinity group sponsor. These alumni associations receive contributions for every charge made by an affiliated card holder.

BSPR:

Although there are currently programs which enable affinity group sponsors to benefit from card holder account performance, there are significant shortcomings associated with these types of programs. A first shortcoming is the absence of a definite periodic performance target. Because an affinity group sponsor is rewarded for virtually any account usage by affiliated card holders, the affiliated card holders are not necessarily encouraged to increase their account usage. An affinity group sponsor continues to earn rewards even if the charge volume of many affiliated card holders during a particular period drops significantly compared to a previous period. In fact, many card holders may rely on the other members of the affinity group to provide benefits to the sponsor.

BSPR:

Another shortcoming of such programs is that an issuer using a current credit card issuer reward processing system cannot share the risks of poor group performance with the affinity group sponsor. For example, consider a program that rewards a sponsor for every dollar charged by an affiliated member. If the affinity group's aggregate default rate is higher than the industry average (or the particular bank's average), the affinity group sponsor continues to earn rewards associated with affinity group member charges. Using prior art processing systems, no penalty can be imposed on the sponsor for poor payment on the part of the affinity group members. Furthermore, current systems do not provide a measurable means by which affinity group sponsors can influence affinity members to preferentially use the affinity credit card over another credit card or to preferentially pay the affinity credit card over another credit card.

BSPR:

It is an object of the present invention to provide a method and system for promoting the use of a financial account which enables a credit card issuer to tailor targets and rewards based on affinity group characteristics. The above object and other objects features and advantages are readily apparent from the detailed description when taken in connection with the accompanying drawings.

DRPR:

FIG. 2 is a schematic block diagram illustrating the components of a credit card issuer central controller according to one embodiment of the present invention;

DRPR:

FIG. 3 is a table illustrating the data maintained in an affinity group table stored at the credit card central controller;

DRPR:

FIG. 4 is a table illustrating the data maintained in a card holder account table stored at the credit card issuer central controller;

DRPR:

FIG. 5 is a table illustrating the data maintained in a group target/reward table stored at the credit card issuer central controller;

DRPR:

FIG. 6 is a table illustrating the data maintained in a transaction table stored at the credit card issuer central controller;

DEPR:

An embodiment of the method and system of the present invention will now be discussed with reference to FIGS. 1-9. FIG. 1 illustrates, in schematic block diagram format, the information flow between relevant parties according to one embodiment of the present invention. As shown, a credit card issuer central controller ("CCI") 200 communicates with an affinity group sponsor 110 and various credit card holders 112 (also referred to as "Affinity group members"). As shown, credit card holders 112 are members of an affinity group 118 sponsored by affinity group sponsor 110.

DEPR:

Generally, CCI 200 receives demographic and other information from sponsor 110 relating to group 118. CCI 200 will periodically transmit benefit information to sponsor 110. This transmission may be an electronic funds transfer, a monthly statement or data transmission to a third party acting on behalf of the affinity group sponsor such as a frequent flyer program administrator. CCI 200 also transmits information to each credit card holder 112. Although such information may be transmitted electronically, it is typically transmitted via a periodic account statement (not shown).

DEPR:

According to the present invention, CCI 200 accesses stored data associated with group 118 to determine a performance target and an associated reward. The accessed data may include demographic, preference and performance data relating to sponsor 110, transaction data relating to the accounts of the credit card holders 112 of group 118, aggregated data describing member preferences, performance or behavior of group 118, and data relating to a population of card holders larger than the size of group 118.

DEPR:

CCI 200 then determines a performance target for group 118 and selects a reward to offer sponsor 110 if credit card holders 112 of group 118 behave in accordance with the performance target. As shown in FIG. 1, this customized group reward offer, including the performance target, the reward and a target period, is preferably transmitted to both sponsor 110 and affiliated credit card holders 112.

DEPR:

After receiving the transmission of the customized reward offer from CCI 200, credit card holders 112 may initiate and complete

transactions directly affecting their respective credit card accounts and indirectly affecting the performance of group 118 in an effort to help achieve the communicated performance target. As shown, transactions may be conducted with various merchants using point-of-sale ("POS") terminals 114. POS terminal 114 comprises a POS processor, such as one or more conventional microprocessors, which is connected to each of a card reader for reading input from credit cards and a data storage device, such as a RAM, floppy disk, hard disk or combination thereof. POS terminal 114 collects transaction data and transmits it to CCI 200 through POS network 116. This transaction data is stored by CCI 200 and is used to manage the account of credit card holders 112.

DEPR:

The POS processor and the storage device of POS terminal 114 may each be (i) located entirely within a single computer or other computing device; (ii) connected to each other by a remote communication link, such as a serial port cable, telephone line or radio frequency transceiver; or (iii) a combination thereof. For example, the POS terminal 114 may comprise one or more computers connected to a remote server computer for maintaining databases. The card reader may be any of several known devices that allow a credit card to be passed ("swiped") therethrough, thereby permitting information stored on the credit card to be read. One such card reader is an OMNI 490, sold by VeriFone Inc.

DEPR:

At the end of the target period, CCI 200 uses the transaction data collected during the target period to determine a performance value representing the performance of group 118. CCI 200 then compares the performance value to the performance target to determine if group 118 has achieved the performance target. If group 118 has achieved the performance target, CCI 200 rewards sponsor 110 according to the terms of the reward offer. This could include crediting an account of sponsor 110 or transmitting reward information to a third party administrator. In the preferred embodiment, CCI 200 transmits to affiliated credit card holders 112 an announcement of the reward earned by group 118 for achieving the performance target.

DEPR:

One method presently employed by credit card issuers to predict and influence card holder behavior is determining a score defined by a scoring system. Scoring systems are mathematical models designed to provide probabilities of future performance based on a creditor's actual historic performance. Models are developed from past behavior and data relationships and are used to identify predictive variables. Scoring systems can be used as absolute decision tools or in combination with judgmental and expert system rules.

DEPR:

Credit card issuers are currently using scores to determine: who will respond to an offer; who will reliably repay credit;

and who will generate revenue for a lender. These scores are known as response scores, risk

DEPR:

scores and revenue scores, respectively. Response Scores are used to determine how to modify solicitations for maximum results and for areas of the country that have the greatest growth potential for specifically designed card products like insurance or investment cross-sells. Risk Scores are used to predict delinquencies and bankruptcies. They are also used to predict the extent and timing of monthly payments. Revenue scores assign a ranking to individuals by the relative amount of revenue they are likely to produce over a period of time following score assignment. Revenue scores help issuers in account management by identifying inactive accounts that ought to be targeted with an appropriate offer and by identifying the most desirable prospects for acquisition.

DEPR:

A score may also be classified as either a credit score or a behavior score. A credit score is a statistical measure used by creditors to determine whether to extend credit in the form of a loan or as a credit line on a credit card. Credit scores takes into account many factors, including: annual income, years at current job, residence, debt payment history, current debt obligations and long term debt obligations. Creditors may assign different weights to these criteria to compute a credit score.

DEPR:

Account ID field 410 stores a unique account identifier. Account ID field 410 is assigned by the credit card issuer to uniquely identify an account of a card holder. In the present embodiment, the unique account identifier will be a standard 16 digit credit card account number.

DEPR:

Total credit line field 418 stores the maximum amount of credit that the credit card issuer has provided to the card holder responsible for the account. Available credit line field 420 stores the amount of unused credit available to the credit card holder responsible for the account. Although available credit line field 420 is stored in account table 400 in the preferred embodiment, this information could be calculated as necessary by subtracting the outstanding balance from the contents of total credit line field 418.

DEPR:

FIG. 5 illustrates the contents of group target/reward table 500. Each record of group target/reward table 500 represents information pertaining to a performance target and corresponding reward offered to a particular affinity group. This table enables a credit card issuer to set, track, evaluate and reward the desired performance of card holders affiliated with an affinity group. The fields of group target/reward table 500 are populated with values determined by the credit card issuer. The steps for determining these values are described in

more detail with reference to FIG. 7.

DEPR:

Affinity group ID field 510 stores a code that uniquely identifies an affinity group having a related record in affinity group table 300. Target period element 512 identifies the period of time which the credit card holders affiliated with the affinity group are provided to achieve a defined target. In the example shown in FIG. 5, target period element 512 is based on calendar quarters. In alternative embodiments, however, the target periods could be months, years or based on specific start and end dates.

DEPR:

Target type field 514 stores a code representing a type of target assigned to the affinity group identified by field 510. Although field 514 typically only contains a code, the contents of field 514 illustrated in FIG. 5 show the logical representations of the assigned target types. The type of performance target applicable to an affinity group is generally selected from a set of target types defined by the credit card issuer. In the example shown in FIG. 5, target type field 514 may store a code representing a minimum average quarterly charge volume, a minimum average quarterly outstanding balance, a maximum average default performance and a minimum average number of transactions per month. Of course, credit card issuers may define numerous alternative target types including, but not limited to, minimum monthly principle payments, minimum annual purchases at specific merchants and minimum balance transfer amounts.

DEPR:

Target parameter field 516 stores the performance level at which the members of an affinity group must perform, in aggregate, during the period identified by target period element 512 to achieve a reward. The data stored in target parameter field 516 is used to determine whether an affinity group has achieved the target set by the credit card issuer. Of course, the particular use of target parameter field 516 is dependent on the contents of target type field 514. Performance parameter field 518 stores the actual aggregate performance of the card holders affiliated with the affinity group identified by field 510. Preferably, CCI 200 updates field 518 is periodically throughout the target period. Alternatively, CCI 200 could update field 518 once at the end of the target period or simply calculate the actual aggregate performance value as needed.

DEPR:

Reward type field 520 stores a code representing a type of reward offered to the affinity group identified by field 510 for the target period 512. Like target type field 514, reward type field 520 typically only contains a code. The logical representations of the code of field 520 are illustrated in FIG. 5. As shown, the example reward types illustrated in FIG. 5 include a cash rebate reward, a frequent flyer mile reward and an flat contribution reward. Numerous alternative reward

types are possible, including without limitation, magazine subscriptions, free gifts and discount coupons.

DEPR:

Referring now to FIG. 6, there is illustrated the contents of transaction table 600. Each record of transaction table 600 represents a transaction between a credit card holder and a merchant. Transaction table 600 includes the following seven fields: transaction ID field 608; account ID field 610; merchant ID field 612; transaction amount field 614; date field 616; time field 618; and credit card authorization number 622. Transaction table 600 may be used to analyze the account activity of each account stored in card holder account table 400. Analysis of account activity may be performed in any number ways well known by one of ordinary skill in the credit card processing field.

DEPR:

The aggregate quarterly charge volume, aggregate quarterly outstanding balance and aggregate number of transactions per month are readily calculated by one having ordinary skill in the art. Of course, the rules of Table I are merely simple illustrative examples of the numerous rules which could be implemented by a credit card issuer, depending on its particular needs, and that multipliers m, n and p may vary for each affinity group.

DEPR:

It should be recognized that multiple targets and rewards could be determined for some or all affinity groups. It should also be recognized that credit card issuers are not limited to the criteria defined herein. The criteria on which targets are determined may be based on a credit card issuer's interpretation of behavior and revenue scores for the group, on a combination of scores and specific behavior indicators, such as those shown in affinity group table 300, or on any other predictive variable.

DEPR:

Of course, the rules of Table II are provided as simple illustrative examples of rules for setting affinity group reward terms. Numerous other rules could be implemented by a credit card issuer, depending on its particular needs.

DEPR:

As shown, at step 718, CCI 200 conveys the affinity group target and reward offer to the affinity group sponsor and the affiliated card holders. The affiliated card holders are preferably informed via a periodic account statement from the credit card issuer. The periodic account statement includes the performance target, the target period and the reward terms to induce card holder 112 to behave in a manner prescribed by the credit card issuer and achieve the communicated performance target during the target period. Although the periodic statement of the present embodiment is a written communication between the issuer and the card holder, the communication could take any number of forms including updating a database

accessible by the card holder or transmitting an electronic or facsimile representation of a periodic statement.

DEPR:

Another reward type might be the "Group Member Finder's Fee." Although this type of reward, like others previously described, is awarded to the aggregate reward account balance for the affinity group, it may also be awarded to the individual card member's reward account. This reward type is different because it may be awarded to an individual group member who makes an extra effort on behalf of the group. For example, an existing group member and card holder may refer a candidate for group membership to the credit card issuer. If that referral turns into a new membership, the system of the present invention can distribute a finder's fee reward to the affinity group's reward account balance and to the referring member's reward account.

CLPR:

21. The method of claim 18 wherein the step of updating includes a step of processing a rebate.

CLPR:

46. The device of claim 43 wherein said processor is further configured to process a rebate.

ORPL:

"BCAA/Mohawk Credit Card"

(<http://www.bcaa.bc.ca/auto/body.sup.-- auto.sup.-- prod.html>)
download date Mar. 12, 1998.

ORPL:

"Earning and Redeeming Rebates"

(<http://www.citibank.com/us/cards/drivers-edge/earning.html>)
download date Mar. 12, 1998.

ORPL:

"The Binghamton University Alumni Association Mastercard(R) Credit Card", Binghamton University

(<http://www.webapply.com/bingu/apply.html>), download date: Jul. 21, 1996.

ORPL:

Chris O'Malley, "RCA Seeks to Collar the Affinity Credit-Card Market", The Indianapolis Star, Mar. 28, 1997 at p. F01.

ORPL:

"Choosing A Credit Card", The Times, Jul. 5, 1997.

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L2: Entry 20 of 29

File: USPT

Jul 28, 1998

DOCUMENT-IDENTIFIER: US 5787404 A

TITLE: Credit-card based retirement fund system and method

ABPL:

A method and system for providing an investment fund, such as a long term investment fund which may be suitable for retirement purposes, comprising the steps of establishing a credit based account with a credit card issuer for the benefit of a credit card holder, providing an investment account with a financial institution for the benefit of the credit card holder, funding the investment account by the credit card issuer with a predetermined amount of money on a periodic basis, and charging an amount of money so funded against the credit based account of the credit card holder. In addition, disclosed is a method and system providing an investment fund is based on purchase rebates, comprising the steps of establishing a credit based account with a credit card issuer for the benefit of a credit card holder, providing a long term investment account with a financial institution for the benefit of the credit card holder, ascertaining the total amount of money charged by the credit card holder in subscriber merchants in a particular period of time, and providing a rebate by the credit card issuer to the credit card holder by funding the investment account of the credit card holder with a predetermined percentage of said total amount so ascertained.

BSPR:

The present invention relates to the funding of investment accounts such as long term investment accounts which may be suitable for use in retirement or pension plans, and in particular to a credit card based funding system which uses automatic credit-based funding or rebate-based funding of the investment account.

BSPR:

Investment accounts such as retirement accounts or pension plans are implemented in order to provide people with long term savings which will enable them to retire with monetary funds sufficient to support them. Various financial vehicles have been utilized in order to provide incentive to people to save or invest money for such retirement, and these financial vehicles are often of a tax free or tax deferred nature such as an Individual Retirement Account (IRA), a 401(k) account, a Keogh plan, and the like.

BSPR:

Often, due to current financial constraints, consumers are lacking in the discipline required to fund such a retirement account on a regular basis. An automatic payment method, which relieves the consumer of the burden of having to proactively deposit funds every month, is in popular use today in the form of a payroll deduction which funds a 401(k) account. Once a worker selects this option, a certain percentage of his pay is deducted from his periodic salary payment and deposited with a preselected investment account.

BSPR:

Furthermore, not all consumers or workers are able to utilize such an automatic payroll deduction mechanism, since not every employer offers such a plan, many people are self-employed or work for small companies, people often change employers, etc. Moreover, the plan choices offered by the employers are often limited and may not fulfill the needs of the consumer in terms of investment type, risk, return on investment, liquidity, etc.

BSPR:

In addition, there has been disclosed in the prior art the use of a rebate program for funding a bank account. U.S. Pat. No. 5,287,268 to McCarthy teaches a system wherein point-of-sale transactions at selected merchants are tracked for a particular consumer. A portion of the transaction amounts are credited to the consumer's account. This type of system is disadvantageous since particular merchants are required to be associated with the system, and the consumer may only make purchases at those merchants in order to receive the rebate into his account.

BSPR:

There is therefore a need for a system which will provide incentives to the user to make purchases in order to fund, via percentage rebates, a long term investment account such as a retirement account or pension plan.

BSPR:

It is therefore an object of the present invention to provide a system and method of funding an investment account which overcomes the aforementioned problems of the prior art.

BSPR:

It is an object of the present invention to provide such a system which provides for automatic and periodic credit-based funding of an investment account so as to relieve the consumer of the need to provide funds to the account on his own volition.

BSPR:

It is still further object of the present invention to provide such a system which gives the consumer automatic rebate-funded payments into his investment account which do not need to be repaid and which are based on purchase of goods or services made by the consumer, and which is not dependent on merchants or stores becoming members of the particular rebate plan.

BSPR:

In accordance with these and other objects, provided is a method and system for providing an investment fund such as a long term investment fund suitable for retirement purposes. The method comprises the steps of establishing a credit based account with a credit card issuer for the benefit of a credit card holder, providing an investment account with a financial institution (which could be a bank, savings and loan association, mutual fund, insurance company, broker-dealer, credit union, or any other entity authorized by law to accept deposits from, or sell investments to, the general public) for the benefit of the credit card holder, funding the investment account by the credit card issuer with a predetermined amount of money on a periodic basis, and charging an amount of money so funded against the credit based account of the credit card holder. Optionally, the credit card issuer may fund the account only when the credit card holder has not independently funded the investment account in a particular period. A fee such as a service charge or interest may be charged against the credit based account of the credit card holder when the credit card issuer funds the investment account in any given period.

BSPR:

In addition, the credit card holder may be billed by the credit card issuer for the amount of money funded to the investment account. Funding of the investment account by the credit card issuer is terminated when the credit card holder defaults by failing to make timely payment of at least a predetermined portion of the amount billed by the credit card issuer in any particular period. Upon such default, in certain instances funds may be transferred from the investment account to the credit card issuer to cover the amount of money owed by the credit card holder to the credit card issuer due to the default.

BSPR:

In an alternative embodiment of the present invention, which may be implemented separately or in conjunction with the automatic credit-based funding plan described above, a method and system for providing a credit-based investment fund such as a long term investment fund suitable for retirement purposes is based on purchase rebates. The method comprises the steps of establishing a credit based account with a credit card issuer for the benefit of a credit card holder, providing a long term investment account with a financial institution for the benefit of the credit card holder, ascertaining the total amount of money charged by the credit card holder in subscriber merchants in a particular period of time, and providing a rebate by the credit card issuer to the credit card holder by funding the investment account of the credit card holder with a predetermined percentage of said total amount so ascertained.

BSPR:

Transfers of money into and out of investment accounts which are long term and intended for retirement purposes may have income tax considerations which may constrain the ability of the credit card holder and/or the credit card issuer to deposit

and/or withdraw or borrow funds to or from the investment account.

BSPR:

The advantages to the use of the methods and systems described above will become apparent by the detailed description below, but suffice it to say in summary fashion that the use of a credit card account for funding the consumer's investment account provides the discipline in savings often desired by the consumer in funding his or her retirement fund since a third party, i.e. the credit card issuer, automatically makes the required periodic payments to the investment account and bills the consumer accordingly along with the purchase charges normally incurred by the consumer. While affording such disciplined savings, the present invention also allows for cash flow contingencies by providing that the consumer may make a small minimum payment in a given month rather than having to remit the entire amount. As such, the consumer's investment account is regularly deposited, yet the consumer has cash flow flexibility in accordance with his or her needs. Moreover, the consumer has more options in the type of investment vehicle implemented, and does not have to depend on his employer's choice of plan.

BSPR:

In the rebate-funded aspect of the invention, the consumer is given an incentive to utilize the credit card, since the investment account will be increased as a percentage of the consumer's purchases with the credit card. The vast credit card network already in commercial use allows the present invention to be implemented without requiring merchants to become members in a separate rebate program, and the invention is thus transparent to the merchants and is managed only by the credit card issuer .

DRPR:

FIG. 1 is a flowchart of a method which implements the credit card based periodic payment methodology of the present invention;

DRPR:

FIG. 4 is a flowchart of a method which implements the credit card rebate based payment methodology of the present invention; and

DEPR:

With reference to the Figures herein, the preferred embodiment of the present invention will now be described in detail. FIG. 5 shows a block diagram of the system components of the preferred embodiment and the transactional interaction therebetween. A credit card issuer 2 provides a credit based account for the benefit of a credit card holder 4. The credit card holder 4 may purchase goods and services with the credit card at merchants 8 which subscribe to the credit card issuer's credit system. The interaction between the credit card issuer 2, the credit card holder 4, and the merchants 8, provides part of the backbone of the present system and is well known in the

art. In addition, a financial institution 6 establishes an investment fund for the benefit of the credit card holder 4, into which payments will be made by the credit card issuer 2 in the form of monthly credit-based contributions and/or rebates, as will be described in detail below.

DEPR:

The credit card retirement rebate system may be used by credit card holders, credit card issuers (e.g. banks), and one or more financial institutions, wherein the credit card holders will purchase long term investments or will accumulate long term savings for their retirement. The system allows for the accumulation by the credit card holders of investments for their retirement through monthly contributions, not to exceed a predetermined amount, to the investment account at a financial institution 6 such as a bank, savings and loan association, credit union, broker-dealer, insurance company or other entity which is authorized by law to accept deposits from, or sell investments to, the public. If this monthly contribution has not been received in the investment account from or on behalf of the credit card holder 4 by a predetermined date and time (e.g. fifteenth of the month), it will be automatically made by the credit card issuer 2 on behalf of the credit card holder 4 on the next business day by debiting the credit card holder's credit card account with the credit card issuer 2 for that amount, together with the reasonable costs of the credit card issuer 2 in making the transfer, then transferring the monthly contribution to the investment account on behalf of the credit card holder 4. Any amount so debited by the credit card issuer 2 against the holder's credit card account will be subject to the same terms and conditions as any other amount the credit card holder 4 may then owe the credit card issuer 2 on such credit card.

DEPR:

This process is carried out by first establishing a credit card account with a credit card issuing entity, which is often a bank or other financial institution 6, for the benefit of the credit card holder 4, as shown in FIG. 1 as step S1. The credit card account is established in any manner known in the prior art, and likely will require an investigation of the creditworthiness of the credit card holder 4. The credit card account may or may not have a preset spending limit or credit line, depending on the requirements of the particular issuing entity.

DEPR:

At step S2, an investment account is established with a financial institution 6 for the benefit of the credit card holder 4. This may be a long-term investment account suitable for retirement purposes, such as an Individual retirement Account (IRA), 401(k) plan or the like. An existing retirement or investment account may be used if desired by the credit card holder 4. The credit card holder 4 may need to provide authorization to the financial institution 6 indicating that the credit card issuer 2 may transfer funds out as well as into the account, which may be required if an automatic

reimbursement option is implemented in case of default by the credit card holder 4, which will be explained in detail below.

DEPR:

Each financial institution 6 where an investment account is located may set different terms and conditions for such investment account, including any rate of return offered on such investment account, the nature of the products available through such investment account, the availability to the credit card holder 4, through loans or otherwise, of funds accumulated in the investment account, and any restrictions on the credit card holder's withdrawal of funds from such investment account. To the extent that tax-free accumulation of the investment account is desired, these conditions may be subject to requirements established by applicable law from time to time.

DEPR:

At step S3, an inquiry is made to determine whether the credit card holder 4 has deposited funds with the financial institution 6 for a given period of time, for example in a particular month. If the answer to this inquiry is affirmative, then the issuer 2 waits at step S4 until the next monthly period and performs a payment check routine at step S5 and a credit limit check routine at step S6, which are explained in detail below.

DEPR:

If the answer to the inquiry at step S3 is negative, then the credit card holder 4 has not made the monthly contribution and the credit card issuer 2 proceeds to step S7, where the credit card issuer 2 deposits funds into the investment account on behalf of the credit card holder 4. At ensuing step S8, the credit card issuer 2 bills the credit card holder 4 for the deposited funds along with the purchases made at credit card merchants in the usual fashion.

DEPR:

Optionally, the inquiry step S3 may be deleted and the credit card issuer 2 may automatically fund the investment account each month, thus relieving the credit card holder 4 of any need to provide such independent funding. In this case, the dotted line indicates the process which omits step S3.

DEPR:

The process then proceeds to steps S4, S5, and S6, where the next period is waited for and a payment check routine and a credit limit check routine are performed, respectively. The payment check routine is shown by the flowchart in FIG. 2, where an inquiry is made at step S9 to determine if the credit card holder 4 has paid the required minimum amount from the previous billing statement. If he has made such minimum payment, then the process continues to step S6; if not, then the credit card holder 4 is in default as shown in step S10.

DEPR:

The credit limit check routine is shown by the flowchart of FIG. 3, where an inquiry is made at step S11 to determine if

the credit limit has been exceeded by the credit card holder 4. If the answer to this inquiry is negative, then the process continues to step S3 as set forth above. If the holder 4 has exceeded his credit limit, then the holder 4 is informed via step S12 that the credit limit has been exceeded and the system enters a wait state, waiting for the requisite payment of a minimum amount as shown by the loop of steps S13 and S14. When such minimum payment has been received and the credit limit is not thereby exceeded, the routine is exited and the process continues to step S3 as set forth above.

DEPR:

The rebate aspect of the invention, which may be performed in conjunction with or independent from the automatic credit card issuer funding aspect of the invention just described, will now be described with reference to FIG. 4. In this aspect, the credit card issuer 2, on or before a certain date and time (e.g. the twelfth of the month), will tabulate the credit card holder's aggregate use of the credit card for purchases in the preceding calendar month (excluding any interest or charges which may accrue on the credit card account, as well as any monthly contribution made by the credit card issuer 2 in such month on behalf of the credit card holder 4), then either together with the transfer referred to above, or separately, transfer as a rebate for such credit card use, to the investment account, an amount equal to a predetermined percentage of the aggregate amount of such usage, with an also predetermined cap. The percentage may vary depending on the amount of purchase charged to the credit card. This rebate will not be debited to the holder's credit card account, nor will the credit card account be charged for the cost of transferring the rebate to the investment account. Instead, the rebate will constitute the credit card holder's reward for use of the credit card over the immediately preceding calendar month.

DEPR:

As shown in FIG. 4, the steps of establishing a credit card account with the credit card issuer 2 and providing a long term investment account with the financial institution 6, as shown by steps S1 and S2, which are the same as described with reference to FIG. 1, are provided. The total value is accumulated of all purchases made by the credit card holder 4 with the credit card in a given period at step S16. This step continues until the end of the billing period, which is typically monthly, at which point the [payment check routine of FIG. 2 and the credit check routine of FIG. 3 are executed, as denoted by steps S17 and S18, respectively. Should these steps allow, the process is then continued at step S19 by the deposit into the credit card holder's investment account from the credit card issuer 2 of a percentage, e.g. 2%, of the accumulated value of the credit card holder's purchases for the period. The next period is entered via step S20, and step S16 is executed, etc.

DEPR:

As mentioned, the rebate aspect of FIG. 4 may be combined with the automatic credit based funding aspect of FIG. 1, in which

case the processes exemplified therein are easily run in parallel, with like steps and routines executed accordingly.

DEPR:

The system of the present invention is intended primarily to assist credit card holders in accumulating savings for retirement purposes. Thus, the system may be implemented in such a manner as to qualify for tax-free treatment on accumulations in the investment account over a long term period, by adhering to the necessary rules for an IRA, a 401(k) plan, or any other savings or investment vehicle which could be lawfully entitled to a tax free accumulation.

DEPR:

The credit card issuer's obligation to make a monthly contribution or a rebate on behalf of a credit card holder 4 will not apply in any calendar month in which the credit card holder 4, at the time such monthly contribution or rebate would otherwise be made, has not fully performed all of the credit card holder's obligations with respect to the credit card. If, in making any such monthly contribution on behalf of a credit card holder 4, the credit card issuer 2 would exceed the applicable borrowing limit for the credit card holder 4 under the credit card, the amount contributed by the credit card issuer 2 as the monthly contribution shall be such lesser amount as will not cause such limit to be exceeded.

DEPR:

If at any time the credit card issuer 2 discontinues the credit card holder's use of the credit card due to the credit card holder's non-performance of its obligations in respect of the credit card, or for any other reason permitted under the agreement between the credit card holder 4 and the credit card issuer 2 pertaining to the credit card or otherwise permissible under applicable law, the credit card issuer's obligation to make a monthly contribution, as well as a rebate, will also automatically terminate. Should the credit card issuer 2 subsequently allow the credit card holder 4 to again use the credit card, the monthly contributions and rebate will be renewed subject to the parameters described herein. Similarly, the monthly contribution and rebate from the credit card issuer 2 may be discontinued at any time by the credit card issuer 2 upon not less than a predetermined number of days (e.g., 60) prior written notice to the holder of the credit card. However, in either of the foregoing circumstances, the credit card holder 4, subject to any terms and conditions imposed by the financial institution 6 or by applicable law, may continue to make contributions to the investment account, and shall remain the owner of the investment account and all funds therein.

DEPR:

Should a credit card holder 4 at any time elect to return or not to renew a credit card, the monthly contributions and rebates from the credit card issuer 2 will also immediately cease. In addition, a credit card holder 4 may by not be less than a predetermined number of days (e.g., 15) prior notice to the credit card issuer 2, discontinue the monthly contribution

from the credit card issuer 2 on behalf of the credit card holder 4, whereupon the rebates will also automatically terminate. In either of the foregoing instances the credit card holder 4 shall remain the owner of the investment account and all of the funds therein, and may continue to make contributions to the investment account subject to any agreement with the financial institution 6.

DEPR:

In those circumstances where tax-free treatment of amounts accumulating in the investment account is not desired, or wouldn't be affected thereby, the credit card issuer 2 and/or the financial institution 6 may require of the credit card holder a pledge, other security interest, or right of set-off in the investment account to secure, in the case of the credit card issuer 2, amounts which the credit card holder 4 may owe the credit card issuer 2 in respect of the credit card at any time, and in the case of the financial institution 6, other liabilities which the credit card holder 4 may owe the financial institution 6 from time to time.

DEPR:

An additional feature allows the credit card issuer 2 to provide credit to the credit card holder based on the value of the investment fund. In this feature, the credit limit may increase periodically as the value of the fund increases per the contributions made previously.

CLPR:

1. A computerized method for providing an investment fund comprising the steps of:

CLPR:

2. The method of claim 1 further comprising the step of charging a fee against the credit based account of the credit card holder when the credit card issuer funds the investment account in any given period.

CLPR:

3. The method of claim 1 further comprising the step of billing the credit card holder by the credit card issuer for the amount of money funded to the investment account.

CLPR:

4. The method of claim 3 further comprising the step of terminating funding of the investment account by the credit card issuer when the credit card holder defaults by failing to make timely payment of at least a predetermined portion of the amount billed by the credit card issuer in any particular period.

CLPR:

5. The method of claim 4 comprising the further step of transferring funds from the investment account to the credit card issuer when the credit card holder so defaults, said funds to cover the amount of money owed by the credit card holder to the credit card issuer relating to said default.

CLPR:

7. The method of claim 6 further comprising the step of billing the credit card holder by the credit card issuer for the amount of money funded to the investment account.

CLPR:

8. The method of claim 7 further comprising the step of terminating funding and rebate provisions of the investment account by the credit card issuer when the credit card holder defaults by failing to make timely payment of at least a predetermined portion of the amount billed by the credit card issuer in any particular period.

CLPR:

9. The method of claim 8 comprising the further step of transferring funds from the investment account to the credit card issuer when the credit card holder so defaults, said funds being sufficient to cover the amount of money owed by the credit card holder to the credit card issuer due to said default.

CLPR:

10. The computerized method of claim 1 wherein the credit card issuer and the financial institution are unrelated parties.

CLPR:

11. A computerized system for providing an investment fund comprising:

CLPR:

12. The computerized system of claim 11 wherein the credit card issuer and the financial institution are unrelated parties.

CLPV:

a) establishing a computerized credit based account with a credit card issuer for the benefit of a credit card holder,

CLPV:

b) providing a computerized investment account with a financial institution for the benefit of the credit card holder;

CLPV:

c) determining if the credit card holder has independently deposited funds into the investment account in a particular period;

CLPV:

d) electronically transferring funds automatically to the computerized investment account by the credit card issuer with a predetermined amount of money specified by the credit card holder on a periodic basis, only when the credit card holder has not independently deposited funds into the investment account in said particular period; and

CLPV:

e) charging an amount of money so funded against the credit

based account of the credit card holder.

CLPV:

e) ascertaining the total amount of money charged by the credit card holder through subscriber merchants in a particular period of time; and

CLPV:

f) providing a rebate by the credit card issuer to the credit card holder by funding the investment account of the credit card holder with a predetermined percentage of said total amount so ascertained, said rebate not being charged against the credit based account of the credit card holder.

CLPV:

a) means for establishing a computerized credit based account with a credit card issuer for the benefit of a credit card holder;

CLPV:

b) means for providing a computerized investment account with a financial institution for the benefit of the credit card holder;

CLPV:

c) means for determining if the credit card holder has independently deposited funds into the investment account in a particular period;

CLPV:

d) means for electronically transferring funds automatically to the computerized investment account by the credit card issuer with a predetermined amount of money specified by the credit card holder on a periodic basis, only when the credit card holder has not independently deposited funds into the investment account in said particular period; and

CLPV:

e) means for charging an amount of money so funded against the credit based account of the credit card holder.

ORPL:

Colter, G.; Smart Money Hesitates Beford Fidelity Offer; New Credit Card Helps Users Purchase Firm's Funds; Buyer Beware; Some Say; The Wall Street Journal; May 27, 1994; Sec. B; p. 46.

ORPL:

Sokol, M.; Credit Card Limits Tied To Life Insurance Equity; Knight Rider Newspaper; Five Star; Sec. Ins, p. 9; Jan. 27, 1988.

WEST[Generate Collection](#)

Search Results - Record(s) 1 through 9 of 9 returned.

☐ 1. Document ID: US 6164533 A

L1: Entry 1 of 9

File: USPT

Dec 26, 2000

US-PAT-NO: 6164533

DOCUMENT-IDENTIFIER: US 6164533 A

TITLE: Point of sale automatic savings program contribution system

Full	Title	Citation	Front	Review	Classification	Date	Reference	Claims	KWIC	Draw Desc	Image
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☐ 2. Document ID: US 6105865 A

L1: Entry 2 of 9

File: USPT

Aug 22, 2000

US-PAT-NO: 6105865

DOCUMENT-IDENTIFIER: US 6105865 A

TITLE: Financial transaction system with retirement saving benefit

Full	Title	Citation	Front	Review	Classification	Date	Reference	Claims	KWIC	Draw Desc	Image
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☐ 3. Document ID: US 6105009 A

L1: Entry 3 of 9

File: USPT

Aug 15, 2000

US-PAT-NO: 6105009

DOCUMENT-IDENTIFIER: US 6105009 A

TITLE: Automated teller machine dispenser of debit cards

Full	Title	Citation	Front	Review	Classification	Date	Reference	Claims	KWIC	Draw Desc	Image
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☐ 4. Document ID: US 6070153 A

L1: Entry 4 of 9

File: USPT

May 30, 2000

US-PAT-NO: 6070153

DOCUMENT-IDENTIFIER: US 6070153 A

TITLE: System and method for automatically investing a portion of a credit card interest charged amount in an investment account

Full	Title	Citation	Front	Review	Classification	Date	Reference	Claims	KWIC	Draw Desc	Image
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☐ 5. Document ID: US 6064986 A

L1: Entry 5 of 9

File: USPT

May 16, 2000

US-PAT-NO: 6064986

DOCUMENT-IDENTIFIER: US 6064986 A

TITLE: Computer assisted and/or implemented process and architecture for customer account creation, maintenance and administration for an investment and/or retirement program

Full	Title	Citation	Front	Review	Classification	Date	Reference	Claims	KWIC	Draw Desc	Image
------	-------	----------	-------	--------	----------------	------	-----------	--------	------	-----------	-------

☐ 6. Document ID: US 5991736 A

L1: Entry 6 of 9

File: USPT

Nov 23, 1999

US-PAT-NO: 5991736

DOCUMENT-IDENTIFIER: US 5991736 A

TITLE: Patronage incentive award system incorporating retirement accounts and method thereof

Full	Title	Citation	Front	Review	Classification	Date	Reference	Claims	KWIC	Draw Desc	Image
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☐ 7. Document ID: US 5987436 A

L1: Entry 7 of 9

File: USPT

Nov 16, 1999

US-PAT-NO: 5987436

DOCUMENT-IDENTIFIER: US 5987436 A

TITLE: Obligated investment system

Full	Title	Citation	Front	Review	Classification	Date	Reference	Claims	KWIC	Draw Desc	Image
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☐ 8. Document ID: US 5950179 A

L1: Entry 8 of 9

File: USPT

Sep 7, 1999

US-PAT-NO: 5950179

DOCUMENT-IDENTIFIER: US 5950179 A

TITLE: Method and system for issuing a secured credit card

Full	Title	Citation	Front	Review	Classification	Date	Reference
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KMIC	Draw Desc	Image
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☐ 9. Document ID: US 5903879 A

L1: Entry 9 of 9

File: USPT

May 11, 1999

US-PAT-NO: 5903879

DOCUMENT-IDENTIFIER: US 5903879 A

TITLE: Method of managing a loan for funding a pension

Full	Title	Citation	Front	Review	Classification	Date	Reference
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KMIC	Draw Desc	Image
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Generate Collection

Terms	Documents
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50

Documents, starting with Document:

9

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2/9/1 (Item 1 from file: 9)
DIALOG(R)File 9:Business & Industry(R) Jul
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02035443 (THIS IS THE FULLTEXT)

Incentive Firms Find Debit Cards A Rewarding Experience
(Off-line debit card issuers converge efforts with companies looking for
effective incentives to boost employee productivity and to motivate
individuals to buy their products)

Debit Card News, v 3, n 11, p 1+

November 28, 1997

DOCUMENT TYPE: Newsletter ISSN: 1055-176X (United States)

LANGUAGE: English RECORD TYPE: Fulltext

WORD COUNT: 1088

ABSTRACT:

As off-line debit card issuers strive to find new ways to generate transaction revenue, companies similarly are looking for effective incentives to boost employee productivity and to motivate individuals to buy their products. Now, the two efforts are converging. US businesses last year spent \$22.9 bil on incentive and promotional programs, according to the Incentive Federation, an alliance of incentive-product manufacturers, industry suppliers and associations. And while the percentage of programs using debit cards remains low - about 4% compared with 63% for cash awards and 54% for gift certificates - more and more companies are adopting debit card-based initiatives, with more than 1 mil cards issued thus far, observers say. Debate exists within the industry over which type of off-line debit card is better to use in incentive and promotional programs - one that can be used at any point-of-sale terminal that takes credit cards with the same brand as the debit card or one whose use is restricted to certain types of merchants. While debate continues over whether universal or restricted-use cards provide greater value, both concepts are expected to grow, analysts say. It's a niche market that the off-line debit issuers are beginning to explore to try to provide further penetration of their product, and it's a twist over and above their traditional goal of check replacement." says David W Lott, an Atlanta-based senior associate at Dove Associates. Article also contains information on the uses of the cards by different companies.

TEXT:

As off-line debit card issuers strive to find new ways to generate transaction revenue, companies similarly are looking for effective incentives to boost employee productivity and to motivate individuals to buy their products. Now, the two efforts are converging.

U.S. businesses last year spent \$22.9 billion on incentive and promotional programs, according to the Incentive Federation, an alliance of incentive-product manufacturers, industry suppliers and associations. And while the percentage of programs using debit cards remains low--about 4% compared with 63% for cash awards and 54% for gift certificates--more and more companies are adopting debit card-based initiatives, with more than 1 million cards issued thus far, observers say.

"Clearly debit cards are in their infancy, but they are going to get more popular," says Alan Safahi, president and CEO of Newport Beach, Calif.-based Card Express Inc., which manages corporate incentive and promotion programs. "They offer more choice to the recipient, so, therefore, they motivate them more."

Companies are using debit cards in a variety of ways. E .segundo, Calif.-based Disc Distributing Inc., for example, last month began offering resellers of certain computer products that meet specified purchase thresholds monetary credits applied to accounts accessed with MasterCard International off-line debit cards. Also, General Motor Corp. is testing offering MasterCard debit cards to buyers of certain automobiles. However, the GM card is programmed so that it can only be used at gasoline stations.

Unlike Mastercard MasterMoney debit cards, those used in incentive and promotional programs are not tied to cardholder demand-deposit accounts. And, depending on the program, the cards may or may not gain access to automated teller machines.

While Visa U.S.A. executives say they still are evaluating the emerging market, MasterCard is jumping into it with both feet. The card association and such issuers as Charlotte, N.C.-based NationsBank Corp., First Chicago NBD, Milwaukee-based Firststar Bank and Cleveland-based KeyCorp are working with firms that manage incentive and promotional programs.

Those companies include Card Express, Minneapolis-based Carlson Companies Inc. and Fenton, Mo.-based Maritz Performance Improvement Co. The financial institutions earn revenue from interchange fees charged to merchants when the debit cards are used to initiate purchases.

Use of off-line debit cards in incentive and promotional programs offers new opportunities for card issuers, MasterCard executives say. "What we really are moving into is a prepaid card era," says Irene Karen, Mastercard vice president. "The cards are used to access a deposit account, but the accounts are prefunded by companies in advance."

Industry Debate

Debate exists within the industry over which type of off-line debit card is better to use in incentive and promotional programs--one that can be used at any point-of-sale terminal that takes credit cards with the same brand as the debit card or one whose use is restricted to certain types of merchants.

Initially, firms administering incentive and promotional programs for client organizations typically offered restricted-use debit cards that could be used only at certain merchant locations. Proponents of so-called universal carets, including Card Express' Safahi, whose company administers the Fantastic Plastic debit card program offered by Disc Distributing, say programs that used restricted cards often backfired.

"Many participants felt there were strings attached, such as discounts offered to the organization distributing the cards, which reduced the perceived value of the reward," he says. "And when some cardholders tried to use the cards at other merchant locations, it created a negative experience when they discovered they couldn't."

Restricted Cards

Indeed, Carlson Companies, like Card Express, favors debit cards that are not restricted. In fact, the company this year discontinued using restricted cards after receiving negative feedback about them from clients last year.

"What we discovered is that our participants want choice, flexibility and value," says Kate Henehan, Carlson's debit card program manager. "They want a card they can use anywhere without having to rely on a program guide to use it."

However, she says, there is no one-size-fits-all approach to using debit cards. And some companies may have valid reasons for wanting to limit where

the card is used.

Indeed, a restricted card may make sense for some promotions. For example, the magnetic stripe on the debit card General Motors offered to customers who bought Chevy Lumina was coded so that the plastic could only be used to initiate purchases at service stations. That way, the company believed, each time the card is used it would remind the customer where they got the card.

The GM card program was administered by Maritz, which only issues restricted-use cards and has hundreds of client companies that offer them, says Grant Flakoll, NationsBank vice president. NationsBank, a Visa check card issuer, took over the issuance of MasterCard debit cards used in Maritz's programs when it acquired Boatmen's Bancshares earlier this year.

Flakoll will not say how many cards Maritz's clients have distributed. However, he says fewer than 1 million cards were distributed by GM.

NationsBank's relationship with Maritz, however, is unclear. American Express Co. recently signed a contract with Maritz, and sources say Maritz intends to convert Mastercard debit cards used in its programs to AmEx cards. AmEx declines to elaborate on its relationship with Maritz, which also will not comment. Some observers say the move is the result of a MasterCard decision to no longer support restricted-use debit cards. MasterCard declines to comment.

Meanwhile, unlike GM, Disc Distributing, a computer-supplies wholesaler, is offering computer-equipment resellers MasterCard debit cards that can be used at any of the 14 million POS locations worldwide that take MasterCard.

The program, which began Oct. 1, runs through the end of December, after which it will be evaluated to determine if it should continue, says Tim Keaney, Disc Distributing's marketing director. Disc Distributing's goal is to distribute 1,000 debit cards by the end of the year.

Accumulating Value

In the Fantastic Plastic incentive program, for every \$2,500 in products purchased by resellers of participating computer manufactures' equipment, \$25 to \$50--depending on the product bought--is deposited into an account held by Firststar that the resellers can access with their debit card. Value in the accounts is added once a month. Participating vendors include Apple, Canon, Epson, Genicom, Hewlett-Packard, Okidata, Fuji, Imation, Maxell and TDK.

While debate continues over whether universal or restricted-use cards provide greater value, both concepts are expected to grow, analysts say. "It's a niche market that the offline debit issuers are beginning to explore to try to provide further penetration of their product, and it's a twist over and above their traditional goal of check replacement," says David W. Lott, an Atlanta-based senior associate at Dove Associates.

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INDUSTRY NAMES: Financial services; Payment cards
PRODUCT NAMES: Credit and debit cards (614200)
CONCEPT TERMS: All company; All market information; Capital expenditures;
Trends; Users
GEOGRAPHIC NAMES: North America (NOAX); United States (USA)

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12/2/98 PRWIRE 12:54:00

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PR Newswire

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Wednesday, December 2, 1998

Swift Gift 'Wows' Internet Shoppers

WHAT: Many shoppers venturing into cyberspace to do their Christmas shopping will find the ultimate gift created by two Chicago area grandmothers and artists, Carol Jacobsohn and Nancy Gensberg. Available @www.swiftgiftcard.com, the Swift Gift Global Gift Card(TM) is a universal gift card that lets you, the giver, give the receiver the choice to purchase anything they want, in at least 15 million locations worldwide.

Bearing the MasterCard(R) logo, the card is available in \$25, \$50, \$75 and \$100 denominations, embossed with the recipients name and is sent with a personalized greeting card.

WHO: The two ladies, Carol and Nancy, who created this unique gift are artists with no previous business experience or any knowledge of the world of Internet shopping. It took two years to have their idea come to fruition as they overcame the prejudices of being recognized only as women, artists and grandmothers.

WHY: More and more people, deterred by the lack of parking, huge lines, rude staff and a general lack of Christmas cheer are just giving up on "actual" Christmas shopping and are turning to the Internet and going "virtual" shopping instead. The Web is the hottest market for the coming century and Jacobsohn and Gensberg, of Highland Park, Ill. have made online shopping even easier with their Swift Gift Global Gift Card(TM), the ultimate Internet product.

WHEN: Would you like to set up an interview with Ms. Jacobsohn and Ms. Gensberg? Both are charming, intelligent and insightful women whose story of their Internet success will delight your audience/readers.

CONTACT: Ronan Roche, 312-664-6100, or e-mail,
rosner@suba.com for Ms. Carol Jacobsohn and Ms. Nancy Gensberg.
12:39 EST

----- INDEX REFERENCES -----

NEWS SUBJECT: PR Newswire; Press Release Wires (PR PREL)

Word Count: 253

12/2/98 PRWIRE 12:54:00

END OF DOCUMENT

Clutter Busters

Disorderly desk? Closet door you're afraid to open? Garage so jammed with junk that there's no room for the cars?

Cynthia Hofstetzer, president of Organized Solutions, says she can help cut through the clutter. Her Arlington company is offering the gift of organization this holiday season.

Hofstetzer's service, which includes going through the mess and helping clients figure out long-term solutions for staying organized, costs about \$50 an hour. The company is offering gift certificates in hourly denominations. While Hofstetzer says every job varies, organizing a desk should take from two to four hours.

Hofstetzer, who started her company in January, says her clients include both individuals and businesses. "Sometimes it's a garage that's a mess ... sometimes it's a boss who says, 'Your desk is out of control.'"

The business of getting organized is a growing one. The National Association of Professional Organizers has been around since 1985 and has more than 800 members; last year U.S. News & World Report declared organizing one of the 20 hot job tracks for the next 20 years.

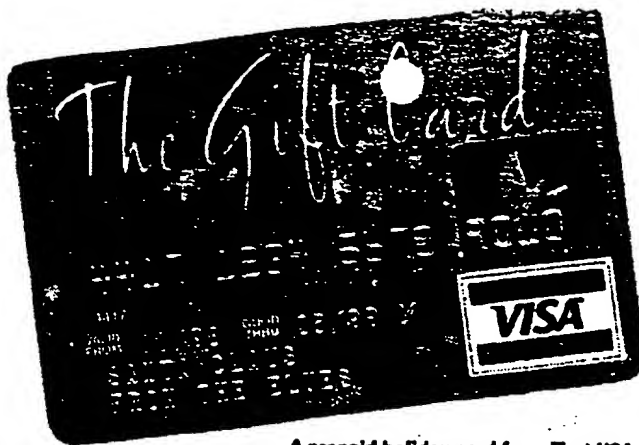
—Tracy Grant

Present Policy

And continuing the holiday theme ... a local company has a generous gift for kids, something a lot more valuable than a furby or a new bike.

Deltex Systems of McLean has donated \$25,000 to the Alliance for Medical Care, which subsidizes health insurance for the children of low-income working parents. Deltex chief executive Ken deLaski and his wife, Nancy, helped found the alliance in 1996. The \$25,000 grant will provide three months' coverage for 300 children in the Washington area.

—T.G.



A prepaid holiday card from First USA.

The Gift of Credit

Now you can give the gift certificate that works in each and every store, rather than just at Ann Taylor, Circuit City or Bed Bath & Beyond.

Banking companies recently began to offer prepaid "gift" credit cards—Visa or MasterCard, take your pick—in amounts of \$25 and up. Customers simply purchase a specific amount, and the company will ship the card to the recipient.

The benefit is convenience: You don't have to leave your home or office to buy a gift. And, you don't have to make a big decision, such as, will your dorky Cousin Bob like his new Gap overalls, even though you have no idea what size he is?

So far, only a handful of companies have begun to offer prepaid gift cards under the Visa and MasterCard umbrellas, although "I'm sure they'll all be jumping on the bandwagon," said Ronan Roche, a

spokesman for the Swift Gift Card, which carries the MasterCard logo.

The Swift card is one of the more versatile prepaid gift cards. Anyone can purchase it over the phone (1-888-794-3828) or on the company's Web site (www.swiftgiftcard.com). Drawbacks include the big service fees—\$6.95 for a card that carries \$25, \$7.45 for a \$50 card and so on. The card also expires in 90 days and comes in only four amounts—\$25, \$50, \$75 and \$100.

First USA Gift Card (1-888-378-4438) makes its Visa cards available in amounts of \$50 and up. The big downside, however, is that First USA is only offering the gift card to its members, so you have to sign up to get one. There's also a \$5 service fee for amounts up to \$200, and the card expires in six months.

So shop or lose out.

—Stephanie Stoughton

DID YOU HEAR?...

"If AOL is the nighttime consumer channel—and they are—then Netscape is the daytime business channel."

—Silicon Valley venture capitalist John Doerr
on why the proposed America Online-Netscape deal makes sense

THE WEEK THAT WAS IN BUSINESS

LOCAL BUSINESS STORIES THAT MADE HEADLINES LAST WEEK

AOL Broadens Scope To Phone, TV

■ America Online, in a bid to broaden its popular online service, is preparing two new ways of connecting to consumers: through their TV sets and via specially equipped phone lines.

Tuesday

Global TeleSystems Pays \$1 Billion for Esprit

■ Global TeleSystems Group of McLean, which operates telecommunications systems in Europe, agreed to pay nearly \$1 billion for Esprit Communications of Britain.

Wednesday

CSC Division Lands \$5 Billion IRS Contract

■ The Internal Revenue Service awarded a technology contract to the Falls Church division of Computer Sciences Corp. that could be worth \$5 billion over 15 years.

Thursday

MCI WorldCom To Lay Off 1,850

■ MCI WorldCom will lay off 2.5 percent of its work force, including 170 positions in the Washington area as part of cost-cutting moves related to its recent merger.

Friday

For more information about these and other articles, click The Post's Web site at www.washingtonpost.com/wp-srv/business

2/9/9 (Item 1 from file: 143)
DIALOG(R) File 148:Trade & Industry Database
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08992071 SUPPLIER NUMBER: 18559039
Amex prepaid offering is latest card for firms rewarding
employees. (American Express Co.'s employee incentive
Incentive Funds card) (Product Announcement)
Fickenscher, Lisa
American Banker, v161, n151, p11(1)
August 8, 1996
DOCUMENT TYPE: Product Announcement ISSN: 0002-7561 LANGUAGE:
English RECORD TYPE: Fulltext; Abstract
WORD COUNT: 546 LINE COUNT: 00047

ABSTRACT: American Express Co. has introduced the Incentive Funds credit card to allow companies to reward their employees for achieving certain performance goals. The card contains a variable number of cash points to be determined by employers that can be used by employees to purchase merchandise or services. The Incentive Funds card is accepted where American Express cards are accepted.

TEXT:

American Express Co. is the latest card services company to embrace the trend toward employee incentive awards.

The New York-based financial giant, the leader in the corporate card business, introduced Incentive Funds, a prepaid card that companies can use to reward staff members.

"It is a natural fit for American Express" to target that market, said Margaret Simonetti Kelly, the company's general manager, incentive services.

The idea behind such cards is to reward employees for achieving certain performance goals with points or cash that can be used to buy merchandise or services.

The Incentive Funds card can be used wherever American Express cards are accepted; the employer determines the monetary value of the card.

The incentive-card concept has been around for at least six years, but interest has gone up in the past year, said credit card consultant Michele Turkel in Scarsdale, N.Y.

Michael L. Fraser, vice president of Meridian Enterprises Corp., a St. Louis-based company that develops employee incentive programs, believes many companies are trying to emulate the success that Meridian has had with its patented Meridicard program.

"We operated without competition for about six years," Mr. Fraser said. "I believe that those organizations didn't want to miss out on the success we have experienced."

Boatmen's Bancshares of St. Louis, First Bank System of Minneapolis, and Best Bank of Boulder, Colo., also offer employee reward cards.

John Haugh of Carlson Marketing Group, the Minneapolis-based company managing First Bank's award card, said that although Meridicard may have played some role, the employee incentive market has taken on a life of its own, and is estimated at about \$7 billion a year.

Except for Meridicard, the incentive cards are debit cards; Meridian Enterprises has a patent protecting certain types of credit card transactions. Meridicard holders draw against an account that employers establish.

D. Mark Jackson, vice president of Boatmen's electronic banking

business, said, "We are aware of the patent and didn't want to infringe on it."

Meridian is suing a number of big credit card players - including Visa, MasterCard, and Chase Manhattan Corp. - accusing them of infringing on its patent.

Incentive cards appeal to banks because they provide another source of merchant fee income, said Mr. Jackson.

Boatmen's has issued 200,000 cards in two MasterCard-branded incentive programs, Mr. Jackson said. Maritz Inc., a St. Louis company specializing in employee incentive packages, is managing the Boatmen's cards, Exclusively Yours and Your Choice, introduced in April 1995 and July 1996, respectively.

American Express, which has been testing Incentive Funds for several months with Allsteel, a furniture manufacturer, said the card is a logical extension to a similar program it has offered since 1987, the American Express Corporate Gift Cheques.

The gift check, like a travelers check, is usable once, whereas the Incentive Funds card can be used for recurring awards to the same group of employees.

American Express is marketing the program primarily to companies that offer its corporate travel and expense cards.

"If it strengthens those relationships, that's wonderful," said Ms. Kelly, "but the card was (inspired) by our preexisting work and experience with incentive programs."

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SPECIAL FEATURES: illustration; table

COMPANY NAMES: American Express Co.--Product introduction

INDUSTRY CODES/NAMES: BANK Banking, Finance and Accounting; BUSN Any type of business

DESCRIPTORS: Credit card industry--Product introduction; Employee incentives--Services

PRODUCT/INDUSTRY NAMES: 6141000 (Nonbank Credit Card Firms)

SIC CODES: 6141 Personal credit institutions

TICKER SYMBOLS: AXP

TRADE NAMES: Incentives Funds (Credit card)--Product introduction

FILE SEGMENT: TI File 148